Developing a Marketing Plan

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Factsheet

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INTRODUCTION

In today's consumer based marketplace, developing an effective marketing plan for your business involves understanding what the marketplace wants. It's not a question of what should I grow or produce to make money, it's what is the marketplace looking for that will result in profit for my business.

The psychology behind marketing is that human beings acquire and consume products and services. Therefore, marketing is about persuading minds as to what products and services to acquire and consume. Consumers have become cautious in their purchasing practices and try to avoid the following risks: monetary, financial, social and psychological. Thus the marketplace is no longer about products and services but about the customer.

A marketing plan is a vital component of your overall business plan and is often considered the most crucial, but often the most difficult to develop. A comprehensive marketing plan examines global and consumer trends; reviews the marketing mix of product, price, place and promotion; and provides details of how you will market your product or service over a certain period of time.

For those new to marketing, it is often described in terms of the 4P's. The 4P's affect every marketing decision you make from production to the end user and include:

Product: What is your product or service?

Price: What you will charge for it?

Place: Where will your product or service be offered in the marketplace?

Promotion: How will you let people know about your product or service?

STEPS TO A SUCCESSFUL MARKETING PLAN

1. Know Yourself, Your Customer, and the Marketplace

Unless you are a large corporation who can afford to market to the masses, it is best to focus on a specific segment or niche market. How do you find your niche market? This is achieved by conducting market research which gives you knowledge to help leverage sales. Market research involves seeking out information and asking the following questions:

- Who will buy, or is buying and using my products or services?
- Who are my competitors and what products are competing with mine? (Referred to as competitive intelligence).
- What benefits am I selling to the customer?
- What is the customer prepared to pay?
- What does the customer like?
- Where does the customer come from?
- How much does the customer need and how can I build market share?

Market research does not have to involve hiring a research firm as helpful information is often at your fingertips. You need to examine what information has already been collected also referred to as secondary research data. Internally, the business owner can review sales reports and invoices, cash register receipts and other internal records in order to observe sales patterns, inventory flow, and customer traffic to gain an understanding of what is selling, when it is selling and to whom.

External sources of secondary research may include government publications, statistical census reports and countless books and articles on demographic and market trends. Business service agencies such as your local Chamber of Commerce, Business Enterprise Centre or Small Business Self Help Office also offer helpful information at the local level. This may include information on local household income,

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demographics, travel patterns and more. The Internet may also provide a huge inventory of information relating to your specific market segment or product. Secondary research is often the easiest and least expensive way to obtain market information.

A more detailed approach to market research involves primary research methods.

Primary marketing research is important when considering an innovative enterprise, or a new and/or local market for which little published data exists. You may want to approach a local college or business school and present the information gathering as a golden learning opportunity. Primary research may include test marketing, surveys and observation.

2. The Marketing Strategy

Once you feel comfortable with the research results you have gathered, and have identified your target market, you need to develop your marketing strategy or strategies.

A strategy captures where your business is headed in a statement that will help guide you on your way. Example: A marketing strategy may include the following statement: Grow sales of my XYZ product to young families living in the city of XYZ and surrounding area.

Objectives to meet this strategic statement may include: Provide a quality product for young families and increase sales by 10 per cent per year over the next five years to reach $250,000 in gross profit by 2015.

3. Implementation Strategy

Your implementation strategy will be the most detailed and perhaps the most important part of your marketing plan. This is where you set out, step by step exactly what you will do to meet the needs of your target customers, and attract them to your product.

How am I going to market and promote my product?

As stated earlier, the amount of time and money you dedicate to marketing will include advertising and promotional costs. Advertising is expensive; however, the avenue you choose to get your message out is critical to success.

Advertising Methods to Consider

Website

In today's "connected" world having a website for your business is critical! Make sure that it is kept up-to-date and has the capability for customers to converse with you through emails or other methods of social media such as blogs, Facebook, and Twitter.

Print

May include brochures, business cards, newspaper, magazines, trade magazines, local tourism guides, etc. There are many opportunities for print advertising and if you are a new business; test a few out, and be sure to include a 'call to action' which may include a coupon to see if the advertising is working.

Electronic

Is often more expensive but reaches a broader audience and includes television and radio.

Signage

If you place road signs be sure to check with the local municipality/township and/or Ministry of Transportation regarding regulations. Consider your vehicles as mobile signs promoting your business name and key contact information such as telephone number and website.

Direct Marketing

If you are able to collect email, phone numbers, regular mail and other contact information from customers (with their permission of course), you can reach them through direct marketing to tell them about upcoming events, specials, etc. Direct marketing is a form of relationship marketing as you are focusing the message on known customers, not the broader public. Direct marketing activities should have a call to action to know if your customers are looking at your materials. Example: If you email customers regarding a special event include a coupon so if they participate you know they have read the material.

Special Events

Coordinating and promoting a special event for your business allows you to target your advertising dollars even more. Becoming involved in a community event spreads the expenses and awareness even more. Examples: Farm tours, fall fairs, community BBQ's, fund raiser for a local charity.

Public Relations

Public relations is how you can reach customers and the media through a number of activities that require little or no direct spending on advertising. A public relations plan for your business may include activities such as: speaking engagements at service clubs/schools/community events to share your expertise and at the same time promote your business.

Example: The majority of the population is not familiar with farming or food production, having the opportunity to 'share your story' can prove to be beneficial for your business.

Another popular public relations activity is working with the media who are looking for unique story ideas and news tips. Example: Developing a press release or story about your farm and sending it to targeted media in your area may not be that effective, however if you accompany your press release with a sample of your product (e.g. a pint of strawberries, a picture and a recipe to promote that pick-your-own strawberries are ready at your farm) the odds of a newspaper story may be improved.

Customer Loyalty

This is the most important marketing tool. Loyal customers or repeat customers represent eighty percent of your business. Loyalty equals growth and profitability. Complaints from loyal customers are your golden nuggets as gives opportunity for improvement. Loyal customers help build your business and spend more money over time. A loyal relationship is built on knowing your customer. Never make assumptions regarding need and expectations. Therefore, building customer loyalty is a journey that involves re-inventing and or improving your product or service on a continual basis.

Word of Mouth

Once you have implemented your marketing strategy and you are experiencing a return on investment from your advertising efforts – happy customers will tell others about your product and service. Word of Mouth remains the most popular form of advertising but it takes time to establish. Ensure exceptional customer service so the word being spread is positive and captures new customers.

4. My Resources

Deciding what financial and management resources needed to implement your marketing plan is crucial. Spending too little or too much of your money and time can be a very frustrating experience. The benchmark for most new businesses is to dedicate between 10 and 25 per cent of total operating costs on marketing. The majority of this amount will go towards paid advertising of some form and the rest to promotional activities. Besides monetary resources, your farm property, buildings and other capital assets can be marketing tools. Example: Curb Appeal or Road side Appeal is an important marketing tool for farms open to the public such as Pick-Your-Own, agri-tourism and direct farm marketing operations.

Developing a Marketing Budget

Table 1 shows a sample marketing budget over a three year period. As outlined earlier, most businesses dedicate between 10 and 25 percent of total operating budget on marketing. Therefore, the sample budget is based on 20 per cent of an operating budget of $100,000 in year's 1 and 3. Year two represents 15 per cent of the operating budget to show a variance from year to year.

5. Establishing Price

Of the 4P's of marketing, establishing a price for your product or service is important to ensure you are making a profit. Step one is to understand the costs involved in developing your product. This includes supplies, equipments, labour, packaging, shipping etc. Then you have to decide what price you need to charge to cover your costs and make a profit. This is known as your profit margin. Depending on the attributes of your product or service, you can sell at a premium and demand a higher profit margin. As a new business owner be sure not to under price your product or service as it will prove difficult to demand a higher price going forward.

6. Evaluate; Evaluate, Evaluate

Once you have put your marketing strategies in place you will be able to see if sales targets are meeting or exceeding your expectations. Experience will also tell you what advertising and public relations activities are not working and should not be pursued in the future. Examples of simple ways to evaluate your marketing plan: Look at sales records, customer surveys, redemption of coupons and other special promotions to determine what is working and not working and continually make improvements.

Your competition, customer and marketplace will continually evolve and if you can keep on top of such changes, you will be able to adjust your marketing plan to keep your business thriving.

RESOURCES

Listed below are some of the many web links, publications and organizations offering business and marketing information to rural entrepreneurs.

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)
www.omafra.gov.on.ca/english/busdev/agbusdev.html or contact 1-877-424-1300

Ontario Ministry of Economic Development and Trade (MEDT)
www.ontariocanada.com/ontcan/1medt/smallbiz/en/sb_sbec_en.jsp

Canadian Farm Business Management Council (CFBMC) —www.farmcentre.com

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Table 1. Sample Marketing Budget

MARKETING ACTIVITY	Budget Allocation Yr 1 Total $20,000	Budget Allocation Yr 2 Total $15,000	Budget Allocation Yr 3 Total $20,000	Total by Marketing Activity
Website and other social media: · development and maintenance of website · introduction and management of email and other social media (eg: blogs, twitter)	$2,500	$1,000	$1,500	$5,000
Print Advertising: · ads in local newspaper · ad in local tourism guide · business cards · partnership ads with industry assoc.	$3,000	$2,500	$3,000	$8,500
Signage: · development and maintenance of signs along regional and provincial roads · development and maintenance of signs on business property	$3,000	$500	$1,500	$5,000
Direct Marketing: · in year 2 and 3 direct ma o existing customers · flyer mailing to households within 15 km radius of business	N/A in first year of operation	$3,000	$3,000	$6,000
Special Events: · in year 1 grand opening event and one other event during the year. In year two and three have annual event that is unique to your business and builds community support	$7,000 2 events at $3500 each	$6,000	$5,000	$18,000
Public Relations: · news releases and stories to local media · participation at relevant trade and consumer shows · sponsorship of local sports team or other community organization	$4,500	$2,000	$4,000	$10,500
Special Marketing Project: · in year three consider an anniversary project or link with an existing community or charity event			$2,000	$2,000
TOTAL	**$20,000**	**$15,000**	**$20,000**	

Agricultural Information Contact Centre:
1-877-424-1300
E-mail: ag.info.omafra@ontario.ca
Northern Ontario Regional Office:
1-800-461-6132

www.ontario.ca/omafra

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